



**MINUTES FROM MEETING OF
THE DEFERRED COMPENSATION COMMITTEE
July 5, 2016**

A meeting of the Deferred Compensation Committee was held on July 5, 2016
At 9:00 AM in the Conference Room of the Office of the State Treasurer ("OST")
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

All Subcommittee Members Represented or in Attendance:

The Honorable Ken Simpler, State Treasurer

Ms. Jennifer Vaughn (on behalf of The Honorable Karen Stewart, Insurance Commissioner)

Ms. Valerie M. Watson (on behalf of Secretary Thomas J. Cook, Department of Finance) (Telephonically)

Mr. Robert Scoglietti (on behalf of Director Brian Maxwell, Office of Management & Budget)

Mr. Charles Campbell-King, State Employee Member At-Large

Subcommittee Members Not Represented or in Attendance:

Mr. Ralph Cetrulo, Public Member At-Large (telephonically)

Others in Attendance:

Ms. Ann Marie Johnson, Deputy Attorney General

Ms. Nora Gonzalez, Deputy State Treasurer, Office of the State Treasurer

Mr. Mike Green, Financial Investment Program Specialist, Office of the State Treasurer

Mr. Dan Kimmel, Financial Investment Program Specialist, Office of the State Treasurer

Ms. Martha Sturtevant, Office of the State Treasurer

Ms. Kasi Boyles, Voya Financial

CALLED TO ORDER

Mr. Simpler called the meeting to order at 9:10 AM.

APPROVAL OF THE MINUTES

Minutes were tabled for approval.

BOARD CONSOLIDATION & HB 358

Mr. Simpler provided an update on the last week of legislative session and announced that House Bill 358 was passed as drafted effective July 1, 2016. Mr. Simpler stated that the new Plans Management Board (Board) would need to go through the formality of officially creating the Committees. Mr. Simpler asked the new Committee to consider what name was appropriate going forward.

Ms. Gonzalez circulated a draft memorandum prepared for the General Assembly to thank them for their support. Mr. Scoglietti requested that the body of the memo reflect that the recipients were sponsors. Mr. Simpler stated the suggested edits would be made and the document will be circulated for signatures at the Board meeting.

Ms. Gonzalez reviewed the makeup of the Board. She reminded the members that effective July 1, 2016, Mr. Scholl stepped down due to a conflict and his place would now be filled by the Secretary of Education or his designee. OST reached out to the Secretary, who noted that his appointee would be Karen Field-Rogers. Ms. Gonzalez stated that she and Mr. Simpler planned to meet with Ms. Field-Rogers in anticipation of the first Board meeting.

Mr. Simpler noted one vacancy on the Board for a state employee that is 403(b) eligible. He suggested that the school Business Managers are eligible, engaged and that a member of that group would make an excellent addition.

Mr. Simpler said that Mr. Echeverri will serve as Chair for the Board, but added that the Governor will officially appoint the position. Mr. Simpler stated that the Board will need to approve the Chairs for each Committee, but added that Mr. Saville has offered to serve as Chair of the College Investment Subcommittee. Mr. Campbell-King indicated that he was considering his availability to serve as Chair for the Deferred Compensation Committee and stated that he would follow up with Mr. Simpler after the meeting to further discuss.

Mr. Simpler reviewed the staggered terms for the members. Mr. Campbell-King discussed the importance of attendance and he asked if there were current members that would like to step down. Mr. Simpler acknowledged the concerns shared by the Committee, but noted that the appointees serve at the pleasure of the Governor.

Ms. Gonzalez discussed the need to develop guidelines and by-laws for the Board and the Committees. Ms. Johnson added that it would be appropriate to incorporate expectations of attendance and conflicts of interest into the by-laws.

Ms. Gonzalez reviewed the proposed new schedule of the Board and standing Committee meetings and stated that OST would send out the calendar invites.

Mr. Campbell-King asked about the possibility of updating OST's website to reflect the consolidation. Mr. Simpler acknowledged the necessary updates and said that the website was currently being redesigned and would be re-launched to incorporate the new branding of the Plans.

EXECUTIVE SESSION

A MOTION was made by Mr. Campbell-King and seconded by Mr. Simpler to move into Executive Session at 9:30AM.

CALLED TO ORDER

Mr. Simpler called the public meeting back to order at 9:52 AM.

UPDATE ON TRANSITION PROJECT

TECHNOLOGY

Ms. Gonzalez provided the Committee an update on the technology components of the conversion. There was a discussion about the integrity of participant addresses. Mr. Campbell-King asked if the information could be collected from the Pension Office. Ms. Johnson stated that there was a statutory prohibition that prevents the Pension Office from sharing the information without permission from the participants. Mr. Scoglietti suggested requesting that OPen put a notification in the Pension newsletter. Ms. Boyles suggested that the notification could instruct retirees to contact Fidelity to update their information.

Ms. Boyles said that Voya had mailed a postcard and would soon know how many addresses were invalid after they receive returned and undeliverable postcards.

Mr. Scoglietti asked Ms. Gonzalez about the data required by Voya from the Pension Administrator, David Craik. Ms. Gonzalez stated that Mr. Craik indicated that, as soon as the year was closed and data was validated, the Pension Office could send the file to Voya. She added that a memorandum of understanding will be developed to clarify the conditions for the information sharing agreement. She also said that it remained unclear if Social Security information could be automated because according to Voya it has never been done before.

COMMUNICATIONS

Ms. Gonzalez stated that the initial email campaign had a high open rate at 50%. She noted that some participants had used their state email address and the state firewall blocked those emails. She said that OST and Voya are working with DTI to white list the source email address, resend the email and figure out delivery method for future communications.

Ms. Gonzalez reported that there was a postcard campaign mailed on July 1st to all existing Plan participants and that those would be received imminently. She also notified the committee of the publication of the press release.. Mr. Campbell-King asked OST for advance notification to the Committee prior to or as part of any additional outgoing communications to participants and or updates made to the OST website.

Ms. Boyle indicated that the press release had been picked up by publications reporting on the consolidation including, Pensions and Investments, 401K Wire, Yahoo Finance, and Ignites.

Mr. Simpler acknowledged interactions with constituents and legislators and the positive response to the conversion. There was a discussion regarding the request to comment received from various outlets. Mr. Campbell-King suggested setting up Google alerts on the Council/consolidation initiatives.

Ms. Watson suggested positive participant testimonials could be quoted online. Mr. Scoglietti suggested waiting until after the conversion.

The Committee discussed communicating to participants who could be interested in account consolidation to Voya, including information regarding surrender charges, fees, and limits on withdrawals. Ms. Boyles reviewed the standard protocol of the account consolidation team, including information and education for participants.

The Committee discussed opportunities for outreach intended to increase participation. Ms. Gonzalez reviewed other state websites and intranets that are being targeted for direct outreach to existing participants and eligible

participants with information about the Plans and links to OST. Ms. Boyle added that Voya also plans banners for State buildings.

Ms. Boyles confirmed that local Voya representatives have begun their training and preparing to serve participants. She updated the Council on the Delaware location of the Voya office, which will be located in New Castle/Christiana area. Mr. Simpler noted that OST would make space available to Voya at the Wilmington and Dover offices. The Council discussed adding a location in Sussex County.

Ms. Boyles provided an update on Voya initiatives underway. She discussed launching the Voya website, statements, and participant dashboard. She also discussed scheduling and representation at monthly Pension workshops. She added that a local number would be set up in addition to an 800 number to go live in August, one month in advance of the conversion.

Ms. Gonzalez provided the Committee with an update on outstanding items regarding the onboarding of Voya and the deconversion with Fidelity. She stated that the contract for the Fixed Account Product was still under legal review. She reported that OST was currently working with Fidelity's attorneys to resolve the mapping of the Managed Income Portfolio (MIP).

Ms. Watson asked for a dashboard of monthly updates. Ms. Boyles said there was a spreadsheet that she would share with the Committee. Ms. Watson offered to work with Voya to develop a one page summary for the Board.

Mr. Simpler reviewed the re-branding initiative and the plan for co-marketing. He presented examples of other states and a sample of proposed marketing currently underway by OST. He noted that new branding provides an opportunity to reengage participants.

The Committee reviewed proposed logos and taglines. The Committee discussed the potential for confusion between Pension and Deferred Retirement Savings. A consensus was reached on the name Deferred Compensation Committee. Mr. Simpler asked the Committee to email their feedback regarding the marketing initiative to OST.

OLD BUSINESS

Ms. Gonzalez provided an update on old business. She stated that the extension of the Revenue Credit Program with Fidelity was extended after review from legal counsel. Ms. Gonzalez added that OST was finalizing the estimates to prepare for the formal budget request to the Office of Management and Budget.

NEW BUSINESS

Mr. Kimmel updated the Committee on communications to existing 403(b) vendors. He stated that the vendors will be advised, in writing, that any communication to participants had to be reviewed and approved by OST. He added that OST would verify how vendors apply the Best Interest Client rule (BIC).

PUBLIC COMMENTS

No members of the public present for comment.

ADJOURNMENT

A MOTION was made by Mr. Scoglietti and seconded by Ms. Vaughn to adjourn the meeting at 11:27 AM.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

The Honorable Ken Simpler, State Treasurer
Co-Chair for the Deferred Compensation Council

The Honorable Thomas J. Cook, Secretary of Finance
Co-Chair for the Deferred Compensation Council